

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

WATER DIVISION

RESOLUTION NO. W-4602

May 25, 2006

R E S O L U T I O N

**(RES. W-4602), RIVERVIEW ESTATES WATER COMPANY
(RIVERVIEW). ORDER AUTHORIZING AN INTERIM GENERAL
RATE INCREASE SUBJECT TO REFUND, PRODUCING AN
INCREASE OF \$678 OR 15.8% RELATIVE TO 2004 GROSS
REVENUES.**

SUMMARY

By Draft Advice Letter accepted on April 7, 2006, Riverview requested an increase of \$5,106 or 100.3% in annual gross revenue for test year 2006. To provide Riverview with sufficient income to pay operating expenses pending the processing of the utility's general rate case (GRC), this resolution grants Riverview an interim general rate increase of \$678 or 15.8% relative to 2004 gross annual revenues. This interim increase is subject to refund or increase pending Commission-approved final GRC rates.

BACKGROUND

Riverview is a Class D water utility and serves 14 flat rate customers located in the community approximately 3 miles north of Los Molinos, Tehama County.

Riverview requested authority under Section VI of General Order 96 and Section 454 of the Public Utilities Code to increase rates for water service to produce additional revenues of \$5,106 or 100.3% in test year 2006. Riverview's request shows 2006 gross revenues of \$5,093 at present rates increasing to \$10,200 at proposed rates in 2006 to produce a 25% rate of margin as recommended by the Water Division's Audit and Compliance Branch memorandum dated February 27, 2006, for Class D water utilities (fewer than 500 customers).

Riverview's present rates became effective on July 21, 2005, pursuant to Decision No. (D.) 92-03-093, which authorized a Consumer Price Index (CPI) increase. The last general rate increase was approved on August 3, 1994 by Res. No. W-3870, which granted an increase of \$2,975 or 620% in gross revenue.

NOTICE

A draft notice regarding the general rate increase was mailed to the utility on April 7, 2006. A notice of the full increase request was mailed to each customer on April 13, 2006.

PROTESTS

This resolution is a compliance filing as authorized by Res. No. W-4540, Ordering Paragraph No. 3, which pertains to an interim increase subject to refund. Branch received a letter of protest against the proposed rate increase signed by 10 of the utility's customers.

DISCUSSION

The Service Guarantee Plan for Small Water Companies (Standard Practice U-9-SM) as augmented by Res. No. W-4540, dated June 16, 2005, Ordering Paragraph No. 3, allows an interim rate increase for small water companies operating at a loss on a cash-flow basis. The interim rate increase provides the utility with sufficient income to cover its operating expenses. It is subject to refund or increase pending Commission-approved final GRC rates.

Riverview is currently operating at a loss. The rate increase request was based on financial information for the period from January through December 2004. After an analysis of these records, the Audit and Compliance Branch estimates that Riverview should be allowed an interim increase of \$678 or 15.8% relative to 2004 gross revenues in order for the utility to meet its cash-flow requirements.

The interim tariff schedules – Nos. 1, Metered Service, and 2, Flat Rate Service, show the recommended rates.

The Water Division recommends that the proposed interim rates shown below be granted to Riverview:

Schedule No. 1 – Metered Service

	Present Rates	Interim Proposed Rates
Quantity rates:		
All water, per 100 cubic feet	\$1.08	\$1.25
Service Charge (Per Meter Per Month):		
For 5/8 x 3/4-inch meter	\$18.90	\$21.89
For 3/4-inch meter	\$28.36	\$32.84
For 1-inch meter	\$47.26	\$54.73
For 1-1/2-inch meter	\$94.52	\$109.45
For 2-inch meter	\$151.23	\$175.12
For 3-inch meter	\$283.56	\$328.36
For 4-inch meter	\$472.60	\$547.27

Schedule No. 2 – Flat Rate (Per Service Per Month)

	Present Rates	Interim Proposed Rates
For each single-family residential unit, including premises not exceeding 9,000 sq. ft. in area	\$29.75	\$34.45
a. For each additional single-family residential unit on the same premises and served from the same service connection	\$14.88	\$17.23
b. For each 100 sq. ft. of premises in excess of 9,000 sq. ft.	\$0.37	\$0.43

COMPLIANCE

Riverview has no outstanding Commission compliance orders. The utility has been filing annual reports as required.

FINDINGS

1. The interim rates recommended by the Water Division (Appendix A and Appendix B) are reasonable and should be adopted.
2. The rate increase authorized in this resolution is subject to refund pending the completion of the staff investigation of Riverview's general rate increase request.
3. This is an uncontested matter subject to the public notice comment exclusion provided in the PU Code Section (311) (g) (3).

THEREFORE IT IS ORDERED THAT:

1. Riverview Estates Water Company is authorized to file an advice letter incorporating the rates contained in Schedules Nos. 1, Metered Service, and 2, Flat Rate Service, attached to this resolution as Appendix A and Appendix B, and to concurrently cancel Schedules Nos. 1 and 2. Its filing shall comply with General Order 96-A. The effective date of the revised rate schedules shall not be earlier than five days after the date of its filing.
2. The rate increase authorized in this resolution is subject to refund or increase pending Commission-approved final general rate case rates.
3. This resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on May 25, 2006; the following Commissioners voting favorably thereon:

/s/ STEVE LARSON

STEVE LARSON
Executive Director

MICHAEL R. PEEVEY
President

GEOFFREY F. BROWN

DIAN M. GRUENEICH

JOHN A. BOHN

RACHELLE B. CHONG
Commissioners

Appendix A

Schedule No. 1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water services.

TERRITORY

The area known as Riverview Estates, and vicinity, located approximately 3 miles north of Los Molinos, Tehama County.

RATES

Quantity rates:	<u>Per Meter Per Month</u>	
All water, per 100 cubic feet	\$1.25	(I)
Service Charge:	<u>Per Meter Per Year</u>	
For 5/8 x 3/4-inch meter	\$21.89	(I)
For 3/4-inch meter	\$32.84	(I)
For 1-inch meter	\$54.73	(I)
For 1-1/2-inch meter	\$109.45	(I)
For 2-inch meter	\$175.12	(I)
For 3-inch meter	\$328.36	(I)
For 4-inch meter	\$547.27	(I)

The Service Charge is a readiness-to-serve charge which is applicable to all metered service and to which is to be added the charge for water used computed at the Quantity Rate.

SPECIAL CONDITIONS

1. All bills are subject to the reimbursement fee set forth on Schedule No. UF.

APPENDIX B

Schedule No. 2

GENERAL FLAT RATE SERVICE

APPLICABILITY

Applicable to all flat rate residential water services.

TERRITORY

The area known as Riverview Estates, and vicinity, located approximately 3 miles north of Los Molinos, Tehama County.

RATES

	Per Service Connection	
	<u>Per Month</u>	
For each single-family residential unit, including premises not exceeding 9,000 sq. ft. in area	\$34.45	(I)
a. For each additional single-family residential unit on the same premises and served from the same service connection	\$17.23	(I)
b. For each 100 sq. ft. of premises in excess of 9,000 sq. ft.	\$0.43	(I)

SPECIAL CONDITIONS

1. The above flat rates apply to a service connection not larger than one inch in diameter.
2. All service not covered by the above classifications shall be furnished only on a metered basis.
3. For service covered by the above classifications, if the utility or the customer so elects, a meter shall be installed and service provided under Schedule No. 1, General Metered Service.
4. All bills are subject to the reimbursement fee set forth on Schedule No. UF.